

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Delivery Capital)	
Recovery Rider Contained in the Tariffs)	
of Ohio Edison Company, The Cleveland)	Case No. 14-1929-EL-RDR
Electric Illuminating Company and The)	
Toledo Edison Company)	

**JOINT STIPULATION AND RECOMMENDATION OF COMMISSION STAFF
AND OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
AND THE TOLEDO EDISON COMPANY**

INTRODUCTION

Rule 4901-1-30, Ohio Administrative Code (“O.A.C.”) provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties who have signed below (the “Signatory Parties”) and to recommend that the Public Utilities Commission of Ohio (the “Commission” or “PUCO”) approve and adopt this Stipulation and Recommendation (“Stipulation”), as part of its Opinion and Order in this proceeding, resolving all of the issues in the proceeding.

This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of issues in this proceeding; violates no regulatory principle or precedent; and is the product of serious bargaining among knowledgeable and capable Signatory Parties in a cooperative process and undertaken by the Signatory Parties representing a wide range of interests to resolve the aforementioned issues. For purposes

of resolving the issues raised by this proceeding, the Signatory Parties stipulate, agree and recommend as set forth below.

PARTIES

This Stipulation is entered into by and among Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, “Companies”), and the Staff of the Public Utilities Commission of Ohio (“Staff”).¹

STIPULATION

On April 22, 2015, Blue Ridge Consulting Services, Inc. (“Blue Ridge”), an independent auditor selected by Commission Staff filed its Compliance Audit Report (“Report”) of the Delivery Capital Recovery (“DCR”) Rider of the Companies. The Commission Staff and the Companies hereby timely file this Joint Stipulation and Recommendation.

The Commission Staff and the Companies stipulate and recommend that the Commission adopt the recommendations Blue Ridge made in its Report as specifically described below:

- On Page 13 of the Report, Blue Ridge recommended that the ATSI Work Order HE123 reversal transferred from CEI back to ATSI in January 2015 be removed from the Rider DCR calculation for 2014 and the effect of that carried forward into 2015.

¹ The Commission Staff is a party for the purpose of entering into this Stipulation pursuant to O.A.C. 4901-1-10(C).

- On Page 15 of the Report, Blue Ridge recommended that the Companies should review their IT project planning to ensure that the methodology allows for projects to be fully scoped prior to execution. On Page 30 of the Report, Blue Ridge also recommended that the Companies continue documenting any increase in efficiency and savings within its IT project justifications that are justified on that basis. The Companies and the Staff agree that the Companies will conduct an internal audit of their IT project planning and implementation. The Companies shall coordinate with Staff to determine the scope of the internal audit, and the results shall be reviewed in the next Rider DCR compliance audit. The audit shall be completed by December 31, 2015.
- On Page 22 of the Report, Blue Ridge recommended that the Companies correct certain errors identified as part of its work order transactional testing and review of the Rider DCR filings and adjust Rider DCR accordingly. The Companies agree to reflect the adjustments in the Rider DCR filing expected to be filed on or about June 30, 2015.
- On Page 22 of the Report, Blue Ridge recommended that the Companies continue to work towards a reduction in the unitization backlog of work orders. The Companies commit to decreasing the unitization backlog in 2015 with a goal of returning to 2013 levels.
- On Page 27 of the Report, Blue Ridge recommended that future audits include testing steps to confirm that AFUDC is correctly applied.
- On Page 27 of the Report, Blue Ridge recommended that the Rider DCR preparation process continue using the established methodology to recognize the impact of both past and future adjustments on Rider DCR.

- On Page 29 of the Report, Blue Ridge reiterated its recommendation from the 2013 Rider DCR audit report (Case No. 13-2100-EL-RDR) that the Commission consider an updated depreciation study be conducted as the last approved study was based on balances as of May 31, 2007. The Companies shall submit this study to Staff no later than June 1, 2015.
- On Pages 83 through 87 of the Report, Blue Ridge recommended a decrease to the 2015 aggregate annual cap by an amount equal to \$2,207,737. Rider DCR effective June 1, 2015 incorporates this recommendation.

PROCEDURAL ISSUES

This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, nor is it to be offered or relied upon in any other proceeding, except as necessary to enforce the terms of this Stipulation. The agreement of the Signatory Parties reflected in this document is expressly conditioned upon its acceptance in its entirety and without alteration by the Commission. The Signatory Parties agree that if the Commission or any court of competent jurisdiction rejects all or any material part of this Stipulation, or otherwise materially modifies its terms, any adversely affected Signatory Party shall have the right to file an application for rehearing or a motion for reconsideration. If such application or motion is filed, and if the Commission or court does not, on rehearing or reconsideration, accept the Stipulation without material modification within 45 days of filing such motion, then anytime thereafter the adversely affected Signatory Party may terminate its Signatory Party status without penalty or cost and regain its rights as a non-Signatory Party as if it had never executed the Stipulation by filing a notice with the Commission and the other Signatory Party.

Unless the Signatory Party exercises its right to terminate its Signatory Party status as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission, and to cause its counsel to do the same, and in any appeal from the Commission's adoption and/or enforcement of this Stipulation. The Signatory Parties also agree to urge the Commission to accept and approve the terms hereof as promptly as possible.

IN WITNESS WHEREOF, this Stipulation has been signed by the authorized agents of the undersigned Parties as of this 18th day of May, 2015. The undersigned Parties respectfully request the Commission issue its Opinion and Order adopting this Stipulation and Recommendation in all respects.

Respectfully submitted,

/s/William L. Wright

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Respectfully submitted,

/s/ James W. Burk

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ATTORNEYS FOR OHIO EDISON
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ILLUMINATING COMPANY, AND THE
TOLEDO EDISON COMPANY

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Stipulation and Recommendation was served via electronic mail upon the following parties of record, this 18th day of May, 2015.

/s/Thomas W. McNamee

Thomas W. McNamee

Assistant Attorney General

Parties of Record:

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Summary: Stipulation Joint Stipulation electronically filed by Mrs. Tonnetta Y Scott on behalf of
PUCO